GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Health, Medical and Family Welfare Department - **Medicines (Allopathic) procurement, storage, distribution, access and use in State Health Facilities- New Procurement Policy of Andhra Pradesh (2009) -** orders issued.

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HEALTH, MEDICAL AND FAMILY WELFARE (M1) DEPARTMENT

G.O.Rt.No 1357…. Dated 19-10-2009

Read:

G.O.Rt.No.672, HM&FW (M1) Dept., dated 20-5-1998

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O R D E R:

In the Government order read above, the Andhra Pradesh Health & Medical Housing & Infrastructure Development Corporation (APHMHIDC) was entrusted with the responsibility of procurement of drugs and medicines for supply to the hospitals under the control of Directorate of Health (DH), AP Vaidya Vidhana Parishad (APVVP) and Directorate of Medical Education (DME), and Institute of Preventive Medicine (IPM) through the Central Drug Stores (CDS) established in the Districts. In addition, the hospitals have been also permitted to undertake local purchases to meet emergent requirements, within the budget ceiling. However, it has been observed that the system of procurement and supply of medicines in the Government Hospitals needs a significant improvement as there are several instances of the required medicines not being available at the right time either in the Central Drug Stores or at the hospital forcing the patients to purchase on their own. Accordingly, the Government has decided to implement a new procurement policy that seeks to address the existing problems and accordingly issue the following orders in supersession of the earlier orders on the subject.

## 1. Objectives of the policy

The overall objective of the new procurement policy is to make available essential medicines of good quality, at all health facilities in the State at all times, procured at competitive prices in a transparent manner and to promote rational use of medicines. More specifically, the following objectives are sought to be achieved through this policy framework

a) Only medicines essential for the effective delivery of medical and health services shall be procured.

b) The budget provided for procurement of medicines shall be apportioned equitably among the various health facilities;

c) The procurement shall be effected as per a prescribed calendar for ensuring timely availability;

d) The procurement procedure shall be efficient and transparent;

e) A significant emphasis shall be laid on quality of medicines procured;

f) The medicines procured shall be stored in proper conditions, transported and delivered to the health facilities systematically at their door step.

g) An environment is created for promoting the rational use of medicines.

h) A comprehensive information system for managing the entire cycle of procurement shall be established.

## 2. Distribution of Budget

2.1 The budget available for drugs and medicines under various heads of the HM & FW Dept., under the State budget shall be apportioned between the HODs in the manner shown below:

| **Name of the HOD** | **% age of budget to be allocated** |
|---|---|
| Directorate of Medical Education | 40% |
| Directorate of Health | 40% |
| AP Vaidya Vidhana Parishad | 18% |
| Instt. Of Preventive Medicine | 2% |

2.2 To this end, separate budget heads will be created for the above HoD's. Each HOD shall reallocate the budget amount to the health facilities under their control adopting the formulae shown in the **Annexure-I**. The budget shall be indicated in quarterly terms, keeping in view the seasonal variations in demand for medicines.

2.3 Out of the total budget allotted to each health facility, 10% shall be ear marked to the various health facilities under the control of DH and Commr, APVVP and 20% in respect of the various health facilities under the control of DME, for meeting emergency local requirements in a Decentralized Procurement System (DPS), following the procedure prescribed in para 6 of this G.O. The purpose of Decentralized Procurement System (DPS) is:-

i) To procure life saving and other medicines under emergency vi., trauma, epidemic (not available with health centre / hospital at times).
ii) To procure need based medicines not listed in the EML; and
iii) To overcome supply deficiencies of essential medicines under centralized procurement.

## 3. List of medicines to be procured

3.1 The procurement policy shall be based on a list of essential medicines so as to meet the objectives 1 (a) and 1 (g). Essential medicines are the medicines that address the priority health care requirements of a given population. These medicines are selected through an evidence-based process with due regard to public health relevance, quality, safety, efficacy and comparative cost-effectiveness. The fundamental criteria for essential medicines are that they must be available at all the health facilities as per need, in suitable quantities and dosage forms.

3.2 With a view to arrange for preparation of the list of essential medicines and to rationalize the usage of medicines; the Government hereby constitutes a Standing Expert Committee on Essential Medicines List (EML) with the composition and responsibilities shown in **Annexure-II**. The Committee shall submit its initial report within two months of its constitution and thereafter review the list every 2 years.

3.3 The Standing Expert Committee of EML shall also prepare an Additional Medicines List (AML) to take care of specific requirements of certain specialties and super-specialties.

3.4 The EML and AML shall be prepared keeping in view the WHO norms, Standard Treatment guidelines and also through extensive consultations with specialists and super-specialists working in the public sector hospitals in AP. The Committee shall also take into consideration the regional variations in the requirements of medicines based on prevalence of certain diseases in specific areas of the State.

3.5 The EML and AML shall be classified into three categories (E1, E2 and E3) taking into consideration factors such as degree of essentiality, criticality for health care and disease burden.

Essential category I **(E1)**: high usage medicines which are life saving and are crucial for effective functioning of the health facility at each level of health care i.e. primary, secondary and tertiary

Essential category II **(E2)**: medium usage medicines which are effective against less severe but nevertheless significant burden of diseases for the level of health care.
Essential category III **(E3)**: medicines used for minor, self limiting illnesses, those with marginal therapeutic advantage and those which are required for a few rare and specific conditions.

3.6 The EML Committee shall classify all the medicines in the EML and AML in accordance with the above three categories namely E1, E2, and E3 as above, and finalize the list based on International Nonproprietary Names (INN) or generic names.

3.7 The EML and AML prepared by the Standing Expert Committee shall be published widely for the information of the doctors working in the Government Hospitals and PHCs. It shall also be published in the website of AP Government for wide access.

## 4. Methodology for estimation and indenting:

4.1 The Medical Officer or the Superintendent in-charge of Health facility shall estimate the annual requirement of various medicines from the Essential Medicines List (EML) and Additional Medicines List (AML) specified in para (3) of this G.O., following the methodology for estimation as specified in **Annexure-III.** The estimates shall be submitted to the HoD by 31$^{st}$ March of each year, in respect of the requirement for the next procurement year. **For this purpose procurement year shall be taken as 1$^{st}$ July of a year to 30$^{th}$ June of the next year**.

4.2 The individual indents of the PHCs and hospitals shall be scrutinized and consolidated by the HOD in the month of **April** every year to enable the APHMHIDC to initiate procurement process for the next **procurement year**. While consolidating the requirements, the HODs shall keep in view the budget estimated to be available to them in the ensuing **procurement** year and limit the quantities of medicines to be indented accordingly.

4.3 The HODs shall also take steps to maintain the required proportion between E1, E2 and E3 categories of medicines in the EML and AML category, while placing the consolidated indent with the APHMHIDC.

4.4 The HODs shall indicate the quarterly delivery schedule to enable effective inventory management at the Corporation level.

## 5. Availability of medicines

5.1 The principal objective of the procurement policy is to ensure timely availability of required medicines at all health facilities. This shall be achieved by adopting the following norms strictly:

i) APHMHIDC shall be responsible for ensuring that adequate quantities of medicines are available at all the hospitals and health centres in the State.

ii) APHMHIDC shall establish appropriate transportation and logistic arrangements to deliver the medicines indented by the each health facility at its door step, as against the current system of hospitals and PHCs having to fetch medicines for themselves from the Central Drug Stores (CDS).

iii) The Corporation shall arrange to supply medicines systematically to all the hospitals through a specified route on pre-specified dates for each hospital / PHC. An appropriate calendar for delivery shall be accordingly prepared by the Corporation and communicated / published for the information of all the health institutions, along with the quantities of EML being supplied from time to time.

5.2. The rational use of medicines shall be promoted in the following manner:

i) All the doctors shall adopt rational prescription method while treating the patients and conducting procedures and surgeries, by following the protocols and norms laid down in this regard in the document “A Manual on Standard Treatment Guidelines” (published by SPIU, DoHM&FW of AP in 2008). They shall also adhere to the EML and AML to the extent consistent with the requirement of patient care in each case. They may prescribe medicines outside the AML and EML in specific cases for valid reasons. To the extent consistent with the protocol, the prescription shall be composed of the medicines which are available within the hospital so that the patient is not required to make out-of-pocket expenses for procuring the same.

ii) All the HoD’s shall undertake awareness and training programs to sensitize the Medical Officers in rational prescription practices.

5.3 While the basic responsibility of procurement, stocking and inventory management is that of the Corporation, the medical officers/ superintendents are required to send appropriate advices to the Central Drug Stores (CDS) in the following circumstances.

i) The stock of any medicine gets exhausted earlier than estimated, due to heavy demand and

ii) All or some medicines are over stocked at the health facility due to slow movement or non-issuance due to vacancies at the facility.

5.4 A real-time Inventory Management System shall be established by the APHMHIDC, to indicate the availability of stocks of medicines at all the hospitals and PHCs on a real time basis for use by both the officials of the Corporation and also the health facilities. The system should also enable a two-way communication and/or work flow system to enable the requirement at para 5.3 above.

5.5 An appropriate comprehensive MIS may also be developed and established to give alert when any particular medicine has gone below the recommended minimum stock level and the instances of medicines procured locally on account of non-availability of stock with the Corporation. The following stock level shall be maintained of all the EML and AMLs at different levels:

| | | |
|---|---|---|
| i. | CDS .. | 3 months' stock |
| ii | Any health facility in the tribal areas | 2 months' stock |
| iii. | Hospital level (other than tribal areas) | 1 months' stock |
| iv. | Pharmacy level .. | One week' stock |

Whenever the stocks go below the aforesaid levels, it shall be the responsibility of the Corporation to replenish the same either by cross movement or by fresh procurement. To this end, the corporation shall design and establish an appropriate system of forecasting demand for each medicine in each health facility and projecting the likely stock levels thirty (30) days in advance to enable timely replenishment.

5.6 The Corporation shall take steps to establish a scientific storage system by constructing professionally designed warehouses in all the districts. It shall also develop and adopt good warehouse management practices and internal supervising systems.

5.7 FEFO (First Expiry First Out) system shall be established in the inventory management at all levels viz, State, District stores and all health facilities.

## 6. Procurement procedure

6.1 The APHMHIDC shall procure the medicines invariably adopting the e-procurement procedure, using the common platform already established by GOAP. The inventory management system and the MIS to be established in pursuance of paras 5.3 and 5.4 above shall integrate with the e-procurement platform of the Government.

6.2 Antibiotics manufactured by central public sector undertakings directly shall be procured without going in for tendering process. However, this preferential treatment shall not be applicable to antibiotics that are manufactured by a private agency in the name of the CPSU, under a license or franchise.

6.3 The Corporation may procure critical medicines with extreme sensitivity to quality, by single source method, purely from the patient care perspective. The list of such medicines shall be prepared by the Standing Expert Committee on Essential Medicines List (EML) specified in para 3.

6.4 The Corporation shall adopt 1 July to 30$^{th}$ June as their Procurement Year. It shall prepare and publish a calendar of events for regulating the annual procurement cycle.

6.5 The MD, APHMHIDC shall formulate a revised bid document for procurement of medicines, to cover both the centralized procurement (90%) and de-centralized procurement (10%) with a view to enhance the efficiency and transparency of procurement, to ensure an effective contract management and above all to guarantee the quality of medicines procured. Adequate safeguards should be built in the bid document for ensuring that only the manufacturers who adopt good manufacturing practices and have quality certification qualify. The revised procurement procedure to be designed shall incorporate appropriate best practices and safeguards including those indicated below:

i) Conducting of 'pre-bid conferences' and also debriefing of the bidders immediately after award of contract, indicating the reasons for rejection of bids.

ii) The details of award of contract / rate contract shall be communicated to all the HODs / DH&HOs / DCHS / Superintendents of all teaching hospitals / DG, DCA, besides publishing the same on the website of the Corporation.

iii) For products with a self-life of 3 years or more, shelf-life of 2 years upon arrival is to be specified. For products with a shelf-life of less than 3 years, the remaining self-life upon arrival must be atleast 80%.

iv) The Corporation shall undertake a strict enforcement of procedure for blacklisting of suppliers for failure to deliver the goods within the prescribed time OR supplying the medicines which do not pass quality tests. Appropriate criteria for adjudging quality standards shall be defined by the Corporation and incorporated in the tender document for the information of all the bidders and suppliers.

v) To develop a mechanism of reverse logistics for withdrawing any particular medicine distributed to health facilities across the State, if need arises.

6.6 The MD, APHMHIDC may engage suitable consultants for preparation of the revised bid document, following due procedure.

6.7 The Corporation shall be entitled to claim a service charge of 7% of the value of medicines procured for meeting the cost of procurement management, administration, quality testing, storage, transportation and establishing real time inventory management system.

## 7. Quality of medicines:

Ensuring quality of medicines is one of the prime objectives of the procurement policy. Accordingly the following steps shall be taken by APHMHIDC to ensure quality of the highest order.

7.1 The pre-qualification criteria for participating in the tenders issued by APHMHIDC shall be critically reviewed to ensure that suppliers who maintain very high quality standard are only selected.

7.2 Each unit shall be inspected and reported by a competent senior team before pre-qualifying bids.

7.3 Random Samples shall be taken from each batch and tested for quality in a time bound manner. A double blinded method of coding the samples shall be followed to maintain absolute confidentiality. The batch shall be released for distribution only after it is cleared in the quality testing.

7.4 A panel of highly reputed quality testing laboratories in the private sector shall be prepared and deployed for this purpose. The remuneration for the testing of the samples shall be fixed by a committee consisting of MD of APHMHIDC and DG, DCA. The committee may induct experts as may be needed.

7.5 The existing two laboratories of Drugs Control Authority shall be strengthened by utilizing the funds available under DFID.

7.6 The medicines shall be stored in a controlled environment as advised by the respective manufacturers. The environment control shall be ensured while designing and constructing the 23 warehouses as specified in para 5.6.

## 8. Governance Structure:

8.1 APHMHIDC shall restructure, strengthen and professionalize its Medicine procurement division both at Head quarters and in districts, so as to implement the new procurement policy effectively.

8.2 **Trainings:** The Corporation shall undertake training needs analysis of its employees and of the HODs in “indenting, procurement, storage & distribution processes” and design appropriate training modules and impart training to all the employees concerned with procurement cycle.

### 8.3 Institutional arrangement:

i. **At HODs level:** Competent officers in the ranks of Addl. Director /Joint Commissioner, with support staff having qualifications of pharmacy,

shall be designated by each HOD for operational responsibility of implementing the present policy.

ii. **At the district level:** The Addl. DM&HOs, DCHS and the Superintendents of the Teaching hospitals each assisted by Pharmacy Supervisors (B. Pharm); are responsible for the overall management of medicines including need assessment, estimation, indenting, stocking issues and reporting.

iii. **At health facility level:** Pharmacist is primarily responsible for the stores under the overall responsibility of the Superintendent/ Medical officer.

iv. The following committees are constituted to be responsible for different tasks of the procurement process.

a) **A Technical Evaluation Committee** which shall take all decisions in connection with preparation and issue of bid documents, prequalification of bidders and technical scrutiny and evaluation of bids.

b) **A Commercial Evaluation Committee** which shall evaluate the price bids of technically qualified bidders and take all decisions connected with award of contracts.

**Annexure IV** specifies the composition and responsibilities of the above two committees.

8.4 **Grievance redressal:**

i. APHMHIDC shall operationalize a 24 x 7 call centre for all pharmacists, medical officers and superintendents to document report the difficulties in supply. Definitive service levels shall be stipulated for providing a response to each call.

ii. The Corporation shall also establish a web-site to receive complaints and suggestions from the patients or their attendants on the shortages of medicines, their quality or any other aspect relating thereto.

8.5 The new procurement policy shall be fully operationalized and implemented from 1.1.2010. The MD APHMHIDC, DH, Commissioner APVVP and the DME shall take action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**J SATYANARAYANA**
**PRINCIPAL SECRETARY TO GOVERNMENT**

To
The Managing Director, APHMHIDC., Hyderabad.
The Director of Health, Andhra Pradesh, Hyderabad.
The Commissioner, A.P. Vaidya Vidhana Parishad, Hyderabad.
The Director of Medical Education, Andhra Pradesh, Hyderabad.
The Director, Institute of Preventive Medicine, A.P., Hyderabad.

//forwarded :: by order//

SECTION OFFICER.

## Annexure- I

TO BE USED BY HOD$^{S}$' ONLY IN APRIL

**(Procedure for reallocation of budget by the HODs' to the health facilities)**

(Please see para 2.2 of the GO)

1. The budget available to the HM & FW department each year for the purpose of procurement of medicines shall be apportioned between the HODs as specified in para 2.1 of the GO. In turn the HODs viz., DH, Commr. APVVP and DME are required to reallocate budget to the various health facilities under their control in a rational manner, with a view to ensure an equitable distribution of the budget in proportion to the need for medicines in each institution. Factors, such as population served, number of out patients and in-patients treated and the number of specialty departments/units available have to be carefully considered while making such allocation.

   In this context and in view of the fact that a large number of institutions function under the control of various HODs, it is felt essential to adopt a rational formula for each HOD that factors all the relevant parameters.

2. The formulae for allocation of budget are based on different parameters for DH, Commr., APVVP and DME, as the type and level of treatment, number of doctors and specialties vary across these departments. The formulae to be adopted by each HOD are given below:

### A) Formula for Director of Health:

Budget allocated to the Dir, Health each year shall be re-allocated to the PHCs adopting the following formula:

$$B_{PH} = B_{DH} \times \{[0.4\ (P_{PHC} / P_{State\ (Rural)})] + [0.4\ (OP_{PHC} / OP_{State})] + [0.2\ (IPD_{PHC} / IPD_{State})]\}.$$

*$B_{DH}$ = Budget allotted to the Director of Health*
*$B_{PH}$ = Budget allocated to be allotted to the PHC*

*$P_{PHC}$ = Population covered by the PHC*

*$P_{State\ (Rural)}$ = Rural population of the State*

*$OP_{PHC}$ = OP census of the PHC during the previous year*

*$OP_{State}$ = OP census of the PHC's in the State during the previous year*

*$IPD_{PHC}$ = In-patient days of the PHC during the previous year*

*$IPD_{State}$ = In-patient days of the State (all PHC's) during the previous year.*

**B) Formula for Commissioner of APVVP and DME:**

Budget allocated to the Commissioner, APVVP and DME each year shall be re-allocated to their respective health institutions adopting the following formula:

$$B_{AH/DH/TH} = B_{APVVP/DME} \times \{0.10(BS_{DH/AH/TH} / BS_{APVVP/DME}) + [0.25 (OP_{DH/AH/TH} / OP_{State})] + [0.50 \times (IPD_{(DH/AH/TH)/} / IPD_{State})] + [0.15(DPT_{DH/AH/TH} / DPT_{APVVP/DME})] \}$$

where,

*$B_{AH/DH/TH}$ = Budget to be allotted to Area Hospital (AH), District Hospital (DH) or Teaching Hospital (TH)*

*$B_{APVVP/DME}$ = Annual Budget allocated to APVVP or DME.*

*$BS_{DH/AH/TH}$ = Bed Strength of the District Hospital (DH), Area Hospital (AH) or Teaching Hospital (TH)*

*$BS_{APVVP/DME}$ = Total bed strength in all the hospitals under APVVP or DME*

*$DPT_{DH/AH/TH}$ = Number of specialty departments in District Hospital (DH), Area Hospital (AH) or Teaching Hospital (TH)*

*$DPT_{APVVP/DME}$ = Total number of specialty departments in all the District Hospitals (DH) / Area Hospitals (AH) under APVVP or all the Teaching Hospitals (TH) under DME.*

*OP and IPD have the same meaning as in the formula for Director of Health, as applied to APVVP and DME Hospitals appropriately.*

**3. Step-by-step approach:**

The formulae as above may be applied by each HOD adopting the following step by step approach.

**Step-I:** Each HOD shall ascertain the budget allocated to them from the Government for the financial year in April of that year.

**Step-2**: Compile particulars relating to census of the previous financial year in respect of OPs, IP Days, the population served by PHC (in respect of DH), the number of speciality departments/ units functioning in various teaching, district and area hospitals and CHCs.

**Step-3**: Prepare the budget allocation statement for various health facilities using the appropriate formula specified in para 2 above. An appropriate excel spread sheet may be prepared, so as to make computation easy and effort-free.

**Step-4**: The figures arrived at due to the computation in step 3 may be rounded-off suitably to the nearest thousand rupees.

**Step-5**: Budget statement so prepared may be communicated to the Medical Officer / Superintendents and also the APHMHIDC for control purposes.

***Note***
***The entire exercise of reallocation of budget to the health facilities shall be completed by the HODs before end of April of each year***

J. SATYANARAYANA,
PRINCIPAL SECRETARY TO GOVERNMENT

## ANNEXURE-II
## CONSTITUTION OF STANDING EXPERT COMMITTEE OF EML & AML

(Please see para 3.2 of the GO)

Preparation of the EML and AML is one of the important activities that will ensure procurement of medicines in terms of the objectives of the new procurement policy. The meaning and significance of EML and AML and the manner of categorizing them have been defined in para 3.4 and 3.5 of the GO. While the preparation of EML and AML is initially a one-time responsibility, the list needs to be updated periodically in view of the rapid developments taking place in the pharmaceutical research and new medicines being introduced in the market on a continuous basis. Accordingly, it is felt necessary to constitute a Standing Expert Committee to approve and finalize the list of EML and AML initially and update it once in two years OR more frequently as needed.

The Standing Expert Committee on EML and AML is the final authority for approval of EML and AML and its updation. Its composition is specified below:

| S. No | Official designation | Designation in the committee |
|---|---|---|
| 1 | Director of Medical Education, AP | Chair person |
| 2 | Director of Health AP | Member |
| 3 | Commissioner APVVP | Member |
| 4 | Director Institute of Preventive Medicine | Member |
| 5 | Managing Director APHMHIDC | Member & Convenor |
| 6 | Project Director, APSACS | Member |
| 7 | Commissioner of Family Welfare AP/ representative | Member |
| 8 | Director General, DCA | Member |
| 9 | 3 professors of surgery to be nominated by DME | Member |
| 10 | Principal Government Dental Hospital | Member |
| 12 | Professor of Pharmacology to be nominated by DME | Member |
| 14 | 3 Professors of Medicine, to be nominated by DME | Member |
| 15 | Medical Officers of 4 PHCs, one each from Andhra, Telengana and Rayalaseema regions and from Tribal Areas, to be nominated by DH | Member |
| 16 | Medical Superintendent of an Area Hospital to be nominated by the Commr, APVVP | Member |
| 17 | Medical Superintendent of a District Hospital, to be nominated by the Commr, APVVP | Member |
| 18 | Procurement Specialist from a reputed institution to be nominated by the APHMHIDC. | Member |
| 19 | WHO / Other consultants nominated by APHMHIDC | Special invitees |

The Standing Expert Committee on EML shall discharge the following functions:-

i) The basic responsibility of the Committee is to prepare the EML and AML initially within a period of 2 months of its constitution and to update it once in two years, thereafter.

ii) In the event of the Convenor of the Committee, the Director-General, DCA or the Chairman of the Committee feel that the developments in the pharma industry have been so rapid and significant, the Committee may convene a special meeting and take decisions on undertaking a revision or updation one year after it was previously updated.

iii) The Committee shall consider the following factors while preparing the EML and AML:

a. Burden of various diseases in the State.
b. Current protocols of treatments of various major diseases, infections, medical and surgical problems and health care requirements.
c. Management of emergency medical services and life saving requirements;
d. Cost effectiveness
e. Alternative medicines available in treating a disease or a family of diseases.
f. The size, strength and presentation of various medicines and also the specific requirement of pediatrics

iv) The Committee shall undertake wide ranging consultations before finalization of EML and AML by conducting workshops and also by publishing draft lists on the website and seeking comments from the medical professionals.

v) Standing Expert Committee may constitute a "Screening Committee" headed by the MD, APHMHIDC with such representation from primary, secondary and tertiary health care as may be necessary and entrust the responsibility of conducting necessary spade work and preparation of initial list of EML and AML and to be submitted to the Standing Expert Committee.

vi) The Committee may give appropriate guidance and direction to the Screening Committee in the formation of appropriate sub-Committees for the primary, secondary and tertiary health care.

vii) The Committee shall be responsible for causing classification of the EML and AML in 3 categories viz., $E_1$, $E_2$ and $E_3$ as specified in para 3.5 of the G.O.

viii) The Committee shall also assign appropriate 'code numbers' for each medicine following the international / national standards, which is useful for MIS and inventory management.

ix) The Committee shall also prescribe details of procedure, work plan and calendar and also required formats for the preparation and publication of EML and AML.

x) The Committee shall also arrange to print adequate number of copies of the EML and AML in separate volumes for primary, secondary and tertiary and speciality health care requirements and communicate to all the Superintendents / Medical officers of the health facilities.

xi) The Committee shall also have the powers to conduct a medical audit of the health facilities in the State so as to ensure that the EML and AML are strictly followed at all levels in the State.

The MD, APHMHIDC shall facilitate the functioning of the Committee and meet the expenditure associated with convening of meetings, workshops, consultations and publication of lists in the draft and final forms from out of the service charges paid by the Government to the Corporation.

J. SATYANARAYANA,
PRINCIPAL SECRETARY TO GOVERNMENT

## Annexure-III

TO BE USED BY MO / SUPDT OF HEALTH FACILITIES IN NOVEMBER

### Methodology for estimating and indenting of medicines

(Please see para 4.1 of the G.O.)

1) The Medical Officer / Superintendent of health facility shall estimate the requirement of medicines falling within the list of EML / AML in the month of March, every year for the succeeding procurement year (July to June). They should make the estimate of the quantity required for each EML/AML based on factors such as the quantity of medicines consumed during the previous year and stock balance likely to be existing as on 31st March. It is also possible that during the period of one year used as the base, the post of the Medical Officer of a PHC may be vacant, as a result of which the consumption of certain medicines would have been lower and this distortion needs to be corrected suitably. Such a situation also exists in the specialty departments existing under the APVVP hospitals

2) Such dependency on availability of vacancies would not be significant in the hospitals under the control of DME, because of the large number of doctors available there..

3) The formula designed for estimation and elaborated below considers all the above factors so as to provide a more accurate estimate. It may also be noted that a 10% growth in the disease burden is assumed every year on account of increase in the population as well as better awareness, increase in the facilities in the hospitals etc.

4) The following formula shall be used for estimating the quantity of each medicine from the list of EML required for use during the subsequent financial year.

$$\mathbf{Q_e = [Q \times (1.1 + V)] - B}$$

**$Q_e$:** Quantity of estimated annual requirement of each medicine.
**Q:** Quantity consumed (under CDS+DPS+HDS) during last year (April to March) (in case of PHC it includes consumption of sub-centres)
**B:** Opening Balance of each medicine (excluding expired medicines)
**V:** Vacancy factor (only for PHCs/CHCs and APVVP Hospitals and not for Tertiary Hospital)

5) The following points need to be noted while using the above formula.

(i) "V" factor: The vacancy factor may be arrived at using the following norms:

i. For PHCs / CHCs: 0.1 for 3 months vacancy; 0.15 for 6 months; 0.2 for 9 months vacancy; 0.25 for 12 months vacancy.

ii. For APVVP Hospitals (for specialty departments only) 0.05 for 3 months vacancy; 0.1 for 6 months; 0.15 for 9 months vacancy; 0.2 for 12 months vacancy.

iii. For DME Hospitals, V may be taken as '0'.

(ii) For medicines figuring in the EML but not hitherto indented, the estimate may be made based on the equivalent medicine or replacement medicine which was used in the previous year for treatment of that disease. If a particular medicine in the EML or its equivalent was never used, but is required for use in future, the required quantity may be estimated based on the Standard Treatment Protocol & the expected patient load for that disease coupled with the experience of the Medical Officer / Specialist / HOD concerned.

(iii) An approximate cost estimate of the medicines to be indented may be made using the prevalent APHMHIDC unit price so as to ensure that the total quantity indented is within the budget allocated.

(iv) Since the Medical Officer / Supdt., has to make an estimate in March each year for the succeeding procurement year, an assessment of possible consumption in the month of March may be made to arrive at the consumption for the full year (Q) and the used in the formula accordingly.

The above formula may be revised based on the experience gained in the first year of implementation.

J.SATYANARAYANA,
PRINCIPAL SECRETARY TO GOVERNMENT

## ANNEXURE – IV

## CONSTITUTION OF COMMITTEES FOR TECHNICAL AND COMMERCIAL EVALUATION OF TENDER FOR PROCUREMENT OF MEDICINES.

(please see para 8.3 (iv) of the G.O)

The following Committees are constituted for technical and commercial evaluation of the bids received in response to the tenders issues by the APHMHIDC from time to time for procurement of medicines with the responsibilities specified for each.

A) Technical Evaluation Committee for procurement of medicines:

Composition of the Committee:

| Official designation | Designation in the committee |
|---|---|
| Director General, Drugs Control Administration | Chair person |
| General Manager (Medicines), APHMHIDC | Member / Convener |
| Addl. Director of Health AP (Medicines) | Member |
| Joint Commissioner APVVP (Medicines) | Member |
| Addl. Director Medical Education AP (Medicines) | Member |
| Joint Director (Medicines) Commissioner of Family Welfare | Member |
| Representative of Director Institute of Preventive Medicine | Member |
| Representative of Finance Dept. | Member |
| Representative of SPD, APSACS | Member |
| Joint/ Addl. Secretary (HM&FW Dept.) | Member |
| Any other indenting HOD | Member |
| Head of Pharmacology Dept. of a Medical College (to be nominated by DME by rotation for every 3 years) | Invitee |
| Head of Microbiology Dept. of a Medical College (to be nominated by DME by rotation for every 3 years) | Invitee |

The Committee shall be responsible for the following:

i) To scrutinize pre-qualification bids received pursuant to any tender for procurement of medicines and accept or reject the bids;

ii) To inspect or cause inspection of the manufacturing facilities of bidders.

B) Commercial Evaluation Committee for procurement of medicines:

Composition of the Committee:

| Official designation | Designation in the committee |
|---|---|
| Principal Secretary to the Government | Chair person |
| MD, APHMHIDC | Member / Convener |
| Director of Health AP | Member |
| Commissioner APVVP | Member |
| Director Medical Education AP | Member |
| Director General, Drugs Control Administration | Member |
| Director Institute of Preventive Medicine | Member |
| Commissioner of Family Welfare | Member |
| Finance Dept. Representative | Member |
| SPD, APSACS | Member |
| Any other indenting HOD | Member |
| Procurement specialist from a reputed Institution (nominated by Government/APHMHIDC) | Invitee |

The Committee shall be responsible for the following:

i) To evaluate commercial bids of technically qualified bidders.

ii) To decide the award of contract or rate contract to technically qualified bidders offering the most competitive rates; and

iii) To decide upon any other matters relating to the procurement of medicines.

J. SATYANARAYANA,
PRINCIPAL SECRETARY TO GOVERNMENT